



Economic Development Proposal
eBay Inc.
April 2011

Economic Development Proposal

- The purpose of today's briefing is to present the following:
 - A background of the economic development proposal and timeline for future City Council meetings
 - An overview of eBay Inc.
 - A review of the economic development matrix criteria and score
 - A summary of the WebLOCI fiscal impact analysis
 - A compilation of the overall benefits from this economic development proposal
 - A review of the proposed economic development agreement



Background

What is being considered and when?

- A proposed economic development agreement between the City of Austin and eBay to expand its business operations center, create jobs, and make investments in Austin.
- The economic development proposal is being presented over two City Council meetings:
 - April 7, 2011 – At a regularly scheduled City Council meeting, EGRSO will provide a briefing on the economic development proposal to the City Council and the public.
 - April 12, 2011 – At a special-called City Council meeting, the economic development proposal will be placed on the City Council meeting agenda as a public hearing item and action item.



eBay Inc.

Company overview

- Publicly traded company founded in 1995.
- Company is headquartered in San Jose, California.
- The company and its subsidiaries provide online marketplaces for the sale and advertisement of goods and services along with online payments and credit services in the United States and internationally.
- The company is the world-wide leader in online commerce based on 2010 revenues of \$9.15 billion
- The company employs more than 17,000 people world-wide.



Economic Development Proposal

What criteria and analysis were used?

- Economic Development Matrix as approved by City Council
 - The matrix is a scoring tool that assesses firms using the following five categories of criteria:
 - Overall economic and fiscal impact
 - Linkages to the local economy
 - Infrastructure impact
 - Character of jobs and labor force practices
 - Quality of life and cultural vitality
- WebLOCI fiscal impact analysis as approved by City Council
 - WebLOCI is a tool that over 300 chambers of commerce and local governments use to determine the fiscal impact of an economic development project.
 - Developed in 1999 by Georgia Institute of Technology



Economic Development Matrix

What is the score for this project?

- eBay scored 90 out of 100
- The score is reflective of the following:
 - eBay will expand its a business operations in Austin.
 - eBay will create 1,000 new jobs in Austin over the next 10 years.
 - eBay offers a comprehensive benefits package including health insurance benefits, domestic partner benefits, and tuition reimbursement for its employees.
 - eBay is an American company with an international presence with over 17,000 employees world-wide.



WebLOCI Fiscal Impact Analysis

The financial benefits and costs of this project

- The fiscal impact analysis represents only direct benefits and costs as a result of the project and jobs created.
- Total direct benefits over a 10-year period = \$12.4 million
- Total costs over a 10-year period = \$9.3 million *
- Total net benefit ($\$12.4 - \9.3) = \$3.1 million (rounded)

* This cost figure is net cost which includes a performance-based economic development grant estimated at \$1.2 million



Overall Benefits

What does this economic development proposal offer?

- The City of Austin targets the recruitment of technology and software companies such as eBay

- 1,000 new full-time jobs created in Austin
- \$430,000 company investment in leasehold improvements
- \$4.5 million company investment in business personal property
- Positive financial benefit to the City according to WebLOCI
- Employees are offered health insurance benefits, tuition reimbursement, career paths, above-average wages, and other benefits
- Company will locate in the Desired Development Zone and adhere to the City's water quality regulations



Economic Development Agreement

What are the contractual obligations?

eBay – Performance Obligations

- Expand the company's business unit in Austin.
- Invest \$430,000 million in leasehold improvements.
- Invest \$4.5 million in business personal property.
- Create and maintain 1,000 new full-time jobs with an average annual wage of \$122,575.
- Work with local minority chambers of commerce to expand pool of diverse candidates in employment recruitment efforts.
- Abide by a supplier diversity policy.
- Comply with the standards and principles of the City's ordinance for minority-owned and women-owned business enterprises ("M/WBE Program Ordinance") in the design and construction of its corporate operations center. This includes soliciting participation in the design and construction of leasehold improvements.
- Comply with all City Code regulations, including applicable water quality regulations

+ Economic Development Agreement

What are the contractual obligations?

City of Austin - Performance Obligations

- Years 1-10: Provide performance-based economic development grants based on the number of jobs created annually, for an estimated total of \$1,206,250. The grant is calculated at \$250 per year for each full-time job created and retained during years 1 – 10.
- The grant shall not exceed \$1,206,250 for the duration of this Agreement.
- The City is not obligated to make a grant payment for any year in which the City has determined that eBay has failed to fulfill an obligation or condition applicable to eBay.



Next Steps



- Today – Set the public hearing for the April 12th special called City Council meeting so that the public can comment on the proposed Economic Development agreement between eBay and the City of Austin.
- April 11th – Online public comments will be transmitted to City Council.
- April 12th – A public hearing will be conducted followed by a City Council vote.